OFFICE OF THE CITY COUNCIL

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FINANCE COMMITTEE BUDGET HEARING #1 MINUTES

August 8, 2019
9:00 a.m.

Location: City Council Chamber, City Hall – St. James Building; 117 West Duval Street,
In attendance: Council Members Aaron Bowman (Chair), LeAnna Cumber, Randy DeFoor, Terrance Freeman, Tommy Hazouri, Ju'Coby Pittman, Ron Salem
Excused: None

Also: Council Members Michael Boylan, Matt Carlucci, Danny Becton; Peggy Sidman and Paige Johnston – Office of General Counsel; Kyle Billy and Brian Parks - Council Auditor's Office; Crystal Shemwell and Staci Lopez – Legislative Services Division; Brian Hughes, Jordan Elsbury, Leeann Krieg – Mayor's Office; Joey Greive and Angela Moyer – Finance and Administration Department

Meeting Convened: 9:02 a.m.

Chairman Bowman convened the meeting and the attendees introduced themselves for the record. He thanked the Mayor for submitting a balanced budget and the Finance Department and Council Auditor's Office for their hard work in preparation for the hearings. Mr. Bowman noted that all of the hearings are being recorded and streamed live on the internet and on television and will be archived for subsequent review. He said that under- and over-budgeted line items will be identified throughout the process and resolved at the end of the budget hearings. If there are funds available, a list of enhancement requests will be considered. He urged committee members to spend the next few weeks developing any enhancement requests they may have, including cost estimates. There will be no limit on debate to begin with, but he will impose the Council's normal 5 minute and 3 minute limits if debate begins getting too lengthy and delays the proceedings. No public comment will be taken during budget hearings, but the public will have many opportunities to comment at regular council meetings.

Mayor's Office introduction
Chief Administrative Officer Brian Hughes said that the balanced budget proposal reflects the Mayor's long-standing priorities and also incorporates the City Council's 1-. 3- and 5-year strategic plan priorities in varying levels. The budget development process has been open and transparent, and the Finance Department will be available at all times to answer council members' questions. Chief Financial Officer Joey Greive said that the budget is balanced and that revenues are up over $50 million from last year due primarily to property valuation increases. The third and most expensive year of pension reform is budgeted this year for employee raises. Pension fund investment returns have been very strong and are

exceeding pension reform projections. The City's backlog of capital needs is being addressed in the CIP. The latest updated debt affordability study is now available reflecting the new CIP plan. He looks forward to supporting the Council's needs throughout the budget process.

Council Auditor's introduction

Council Auditor Kyle Billy gave the broad overview of the proposed budget, beginning with the budget legislation (13 bills this year) and adoption timeline. The budget and millage levies will be tentatively approved at the first Finance Committee meeting in September, then laid on the table for public review and final Council approval at the second September meeting. The remaining bills will be acted on by the Finance Committee at the second September meeting.

Mr. Billy summarized the tax millage calculations for Jacksonville, the Beaches cities and Baldwin and compared the values with the 2018 property values. The value of pre-existing property increased by $3.6 billion over the last year and generated $38 million in new revenue. New properties coming on the tax roll for the first time added $13.9 million in new revenue for a total of $52.2 million in new available ad valorem revenues. He reviewed the tax calculation on the median city home value for a homesteaded property. The growth in value of the median property would generate $105.79 in net new taxes over 2018 assuming the millage rate remains unchanged.

Mr. Billy gave a broad overview of all the budgets (City and independent authorities) that the Council will be approving, which total $2.73 billion for the City and $2.84 billion for the independent agencies for a total of $5.57 billion. He gave an overview of the various fund types – general fund, special revenue funds, capital project funds, enterprise funds, internal service funds and trust and agency funds. The employee cap is proposed to be increased by 88 employees citywide across all funds. The largest addition is 69 new employees in the Fire and Rescue Department. In conjunction with an overview of total salaries and benefits, Mr. Billy explained the concept of salary and benefit lapse, which is the negative amount applied to salaries and benefits to account for positions not being filled every day of the fiscal year. The total lapse is budgeted at $9.9 million. Council Member DeFoor questioned the $7.5 million allocation for overtime to the Sheriff's Office for school guardians in elementary schools (JSO officers on overtime). Brian Hughes explained the need for JSO to provide the guardians because the school district is unable to hire sufficient qualified personnel at the rate of pay it can afford. The school district reimbursed the City $17.50/hour last year, which will increase to $27.15 this year. The Mayor is committed to keeping the schools protected until the school district can take over that function.

In response to a question from Council Member Hazouri, Mr. Greive explained how the growth in sales tax revenue for pension reform will impact the pension contribution calculation and therefore the amount of funds available in the budget for other uses. Budget Officer Angela Moyer distinguished between the sales tax revenue in the budget not related to pension reform from the pension reform sales tax that won't begin collection for another 11 years.

Mr. Billy gave an overview of the non-departmental revenues for the year. The departmental revenues will be discussed in connection with each department's budget as they are reviewed in future meetings. He reviewed contributions from other funds and discussed more detail on the composition of the state shared revenues.

Page references from this point refer to Auditor's Budget Hearing #1 handout.

Motion: on p.17 approve the Council Auditor's recommendation #1 to increase Federal Grants revenue by $34,507 – **approved**

Motion: on p.17 approve the Council Auditor's recommendations #2 to reduce payment in lieu of taxes by Florida Power and Light on the St. Johns River Power Park by $1,937 - **approved**

Mr. Billy gave a brief overview of the departmental and non-departmental expenditures, noting that many of the line items will not be discussed any further in the budget hearing process. In response to a question from Council Member DeFoor about the lack of funding for dues for the Florida League of Cities, Brian Hughes explained that the City has decided to withdraw from the League because it has taken positions and lobbied against bills that the City was pursuing in the state legislature so it was felt to be counter-productive to support an entity that opposes the City's interests. In response to a question from Council Member Hazouri, Mr. Hughes described why funding for some events (i.e. Florida/Georgia football game) is in a different funding category than other seemingly similar events (i.e. Florida/Florida State baseball) because of the continuing nature of the event and its contractual status. Council Member Freeman asked what benefit the City is getting from its membership in the Black Chamber of Commerce. Mr. Hughes said that the administration will be seeking additional language in the appropriation for Prisoners of Christ in the Public Service Grants regarding prohibition of use of City funding for programming related to persons convicted of sexual crimes.

Council Member DeFoor suggested the need to assess whether the City should continue as a member of the Northeast Florida Regional Council; she is the City Council's liaison to the agency and is not convinced of its relevance. Chairman Bowman suggested inviting staff from the Regional Council to a future meeting to discuss its functions. Brian Hughes suggested that the NEFRC appropriation be put "below the line" for future consideration. Council Member Pittman suggested that it might be helpful to review the value of memberships in all the organizations of which the City is a members to see if the City is getting good value for its money. Historical membership in an organization shouldn't mean that it must always continue. Council Member Hazouri said that effort needs to be made to ensure that Public Service Grant recipients are not duplicating services and are being maximally efficient with their use of City funds. In response to a question from Council Member Boylan, Mr. Hughes described the vetting process used by the Mayor's Budget Review Committee to determine how well grant recipients are performing and the value of services they are providing.

In response to a question from Council Member Salem about the flat indigent care contribution to UF Health medical center, Brian Hughes said that the City is making a considerable investment of capital improvements to the hospital campus (80% owned by the City) over the next few years that should free up some operational funding in the hospital's budget via decreased operating and maintenance costs.

In response to a question from Council Member Salem, Angela Moyer described the different budgets the City allocates to cover various functions for the Beaches and Baldwin pursuant to interlocal agreements. Mr. Greive and Ms. Moyer said that the City is in regular contact with the governments of the Beaches cities and Baldwin about those interlocal agreement services.

In response to a question from Council Member Hazouri, Mr. Greive said that the City has $1.1 billion in General Fund debt and $1.1 billion in Better Jacksonville Plan debt. Mr. Greive said that the City's financial team, Mayor and Council President were just in New York to meet with the bond rating agencies. They have not gotten any official reaction yet, but the City's finances, debt ratios and reserves are all in very good shape as a result of the work of the administration and the City Council over the last four years.

Motion: on p. 28, approve Council Auditor's recommendations #1 and #2 to adjust carryforward amounts to the latest amounts and to correct the title of Schedule AF – **approved**.

Public Service Grants

Laura Deittrich, Chair of the Public Service Grant Council, made a brief presentation on the outcomes generated by public service grants in FY17-18. She said that the grant recipients leveraged $2.4 million in City public service grant funding by nearly 300% in state and foundation grants and other funding sources to triple the impact of the City funds. The PSG Council spent a great deal of time this year meeting with the CEOs of non-profits to understand their needs and programs. The previous target population designations have been changed to a continuum approach – acute needs, prevention, and self-sufficiency. Prevention is being highlighted. Ms. Deittrich reminded the committee of former Council Member Boyer's suggestion last year that the Council rescind the exemption for non-profits from paying the stormwater management fee and use the resulting revenue to supplement the Public Service Grant allocation.

Council Member Pittman declared that she has a conflict of interest on the Public Service Grants because her agency applies for that funding. Deputy General Counsel Peggy Sidman described the process for declaring a conflict of interest and explained that several parts of the budget have been pulled out as separate bills to allow individual council members to vote on the rest of the budget and to abstain only from voting on the bills that deal with their areas of conflict. Chairman Bowman urged committee members to examine the budget for potential conflicts and declare those. Ms. Sidman urged the members to consult the Office of General Counsel and/or the Ethics Office about any potential issues.

Council Member Carlucci advocated for increasing funding for the public service grants because of the great work the recipients do and the amount of needs in the community. Brian Hughes requested an amendment to the budget ordinance to prohibit any funding granted to Prisoners for Christ from being used for programs serving sexual offenders/predators.

Motion (Cumber): revise Exhibit 2 to delete the reference in the Prisoners for Christ service agreement to allocation of $3,750 per person for services to sexual offenders/predators –

Jeff Witt from Prisoners for Christ said that the agency's overall recidivism rate is approximately 17%, but he did not have specific numbers on recidivism rates for persons convicted of sexual crimes. The agency's job placement grant utilizes PSG funding so they would be prohibited from providing that service to these particular clients. In response to a question from Council Member Salem, Mr. Witt said that his agency has other private funding sources that can be used to provide services to this clientele apart from City funding. Council Member Cumber said that recidivism rates for sexual crimes are very difficult to determine because so many sexual offenses are not reported. Council Member DeFoor cautioned that cutting off services to sexual offenders makes it more likely that they won't be able to find jobs and housing and will therefore remain a serious problem in the community. Ms. Cumber clarified that her motion was not to reduce the Prisoners of Christ appropriation below $400,000, but just to ensure that none of the appropriation would be used to benefit sexual offender/predator clients of the agency.

The **Cumber motion was approved**.

In response to a question, John Snyder of the Office of Grants and Compliance clarified that the City's allocation to the school district's driver's education program is a small portion of that program's budget.

Motion: on p. 30, approve Council Auditor's recommendation to amend the title of 2019-504 to remove the reference to Public Service Grants – **approved** (Council Member Pittman abstained).

Food and beverage expenditures

Motion: on p. 31, approve Council Auditor's recommendations #1-6 – **approved**.

Ordinance Code waivers

Mr. Billy reviewed a number of Ordinance Code waivers included in the budget ordinance.

Motion: on p. 40, approve the Council Auditor's recommendation to correct the subfund number for the Northeast Tax Increment District to 18A – **approved**.

Mr. Billy reviewed the history of the language regarding waiver of the requirement for an annual fee review by the administration and made a recommendation that the fee study waiver requirement not be waived again in FY19-20. Brian Hughes said that City revenues are rising due to overall economic health and that provides the resources to make internal loans within the City budget to make up for shortfalls in fee revenues in various accounts. He believes that use of general revenues to subsidize these accounts makes more sense than substantially increasing fees to cover the full cost of the fee-based services. Mr. Billy said that without an annual fee study, there is no way of knowing how far off many fees may be from meeting the Code's mandatory 85% cost recoupment rate. Council Member Hazouri noted that some fee accounts (i.e. the building permit inspection fee) are collecting more funds than needed and building up large balances and that needs to be addressed as well. Council Member DeFoor felt that deferring gradual fee increases will lead to very substantial fee increases later on, which will be even less comfortable for constituents. Council Member Salem agreed with the waiver this year, but conceded that it could be problematic in future years. Council Member Freeman said that there are parts of the city where an increase in fees would impose a true hardship. Council Members Cumber and Pittman agreed with keeping the waiver in place because of the hardship imposed by fee increases. Council Member DeFoor felt that some kind of permanent solution to the needs of the Solid Waste Enterprise Fund (which this year needs a $13 million subsidy from the General Fund) must be found. Chairman Bowman agreed that some solution to the subsidy issue must be found while economic times are good; the solution will be even worse in an economic downturn. Mr. Hughes committed to work with the Finance Committee over the next year on developing a solution to the subsidy needs of the solid waste and stormwater utilities. No motion was made on the Council Auditor's recommendation to remove the fee study waiver from the budget ordinance.

Motion: on p. 46, approve Council Auditor's recommendation to add back the waiver from last year's budget regarding agreement between the Sheriff's Office and the Office of General Counsel regarding hiring of special counsel in the event of conflicts – **approved**.

The committee was in recess from 12:15 to 1:01

Direct contracts

Motion: on p. 47, approve Council Auditor's recommendation to correct the Gateway Community Services exhibit to correct the date range shown for residential day beds in FY19-20 – **approved**.

Motion: on p. 47, approve Council Auditor's recommendation to correct a scrivener's error in the title of budget ordinance Section 11.13 – **approved**.

Motion: on p. 47, approve Council Auditor's recommendation to correct the year shown for New Town Success Zone – **approved**.

Motion: on p. 49, approve Council Auditor's recommendation to correct Section 11.20 for Agape Community Health Center to strike duplicate language, correct the entity name, attach a Revised Exhibit 8 and correct the total funding to $2,346,995 – **approved**.

Motion: on p. 49, approve Council Auditor's recommendation for Sulzbacher Center for the Homeless to revise the entity name, correct use of funds to agree with budget exhibit, correct punctuation and attach Revised Exhibit 9 –

Brian Hughes said that the Sheriff's Office is considering proposing changes to several City ordinances that might increase the citation of persons for various offenses related to homelessness. This appropriation would provide additional resources to the homeless day center to help the homeless population.

The motion was **approved**.

Motion: on p. 49 approve Council Auditor's recommendation to include the amount of the appropriation in the section title – **approved**.

Council Member Hazouri hoped that additional non-City resources could be found to assist with upgrades to the Florida Theatre.

Fire and Rescue Department

Mr. Billy noted that the budget as presented does not include revenues or expenses related to the proposed assumption of fire service by the City of Jacksonville in the City of Jacksonville Beach. He described the addition of new positions to staff new rescue units and a new fire station, and new personnel added to reduce the use of overtime. In response to a question from Council Member Salem about the reduction in JFRD revenues, Chief Powers said that the number of emergency transports is down, opioid-related transports in particular are down, and the addition of more hospitals and stand-alone emergency rooms around the city has reduced transport distances and therefore mileage billings. The chief said that there are now rescue units assigned to every fire station in the city.

Council Member Pittman asked about the availability of federal funding for assistance to individuals following natural disasters. Steve Woodard, director of emergency preparedness, said that funds are available from FEMA and the U.S. Department of Housing and Urban Development and his office applies for numerous types of grants, both for mitigation of damages to City facilities and for damage to individual private properties.

Council Member Hazouri asked where the City stands with regard to Hurricane Irma and Matthew reimbursements from FEMA. Mr. Woodard said he will be making a presentation to City Council at next Tuesday's Council meeting on that subject.

In response to a question from Council Member Becton, Chief Powers explained the budgeting for the staffing of new fire stations 63 and 65, the units for which are being run out of other stations until the new stations are complete and open. In response to a question from Council Member Hazouri, he explained the use of the new personnel to reduce overtime usage. He discussed the difficulty of getting current employees to work overtime, which is part of the reason for the addition of positions. Overall only 12% of the workforce has signed up to work overtime, down from 20% five or six years ago. In response to a question from Council Member Salem, the chief said that if there are insufficient personnel on duty to fully staff all units in a day, the department has a plan to "brown out" the least used units and shift those personnel to busier stations.

Motion: on p. 81 approve the Council Auditor's recommendation to reduce the contra-revenue accounts for Medicaid contractual adjustment and the ambulance service uncollectibles and increase the Medicare contractual adjustment – **approved**.

Motion: on p. 81 approve the Council Auditor's recommendation to place $947,121 into a designated contingency for the Jacksonville Beach fire service should the pending ordinance be approved - **approved**

Joey Greive said that there are several items the City needs to work out with the City of Jacksonville Beach before the ordinance will be ready for action by the Council.

Property Appraiser
Motion: on p. 86 approve the Council Auditor's recommendations to revert certain subobjects under Personnel Expenses back to the amounts adopted by City Council in Ordinance 2019-281-E and balance with a decrease in reserves of $20,602 –

Property Appraiser Holland indicated his agreement with the Auditor's recommendation. He reported that his staff has levied liens on over $15 million of improperly claimed homestead exemptions and collected $10 million of that. He will be seeking approval this year for several more contracts to review tangible personal property reports and payments.

The **motion was approved**.

Tax Collector
Tax Collector Jim Overton reported that in the coming year his Cedar Hills branch office will be moving to Roosevelt Boulevard and the Commonwealth branch will be moving to Hammond Blvd near the I-10 exit. Thanks to a council appropriation, a new queueing system is being implemented in the offices. He is trying a new concept at the greeter desks, having a senior revenue collector triage customer issues when they first come in and direct them to the proper window. The method will be tried initially at 3 branches and then explore how well it works. The Tax Collector has started issuing concealed weapons permits at Yates Building and will do it at the new Commonwealth branch.

Mr. Overton reported that tangible personal property past due bills are currently sent to a collection agency, but he would like to bring that function in-house and save the 20% fee. He hears that some consideration is being given to his office taking over collection of TDC bed tax from the Florida Department of Revenue to improve collections. Council Member Becton asked for an update on electronic payment options, asking if the Council's appropriation a few years ago made any difference. Mr. Overton said the big push in his industry is getting as much done online as possible. Deborah Doran said the council's appropriation allowed implementation of e-checks at no cost; credit card usage will still incur a fee. Customers can use ACH transfers for payment of taxes and for DMV transactions. In response to a question from Council Member Hazouri about how fast collections get deposited, Mr. Overton reported that they are deposited on the day they're received.

Clerk of the Courts
Council Member Becton reminded the group that passports can be obtained from the Clerk's offices as well as at post offices, and he highly recommended their friendly service.

City Council
In response to a question from Council Member Salem, Ms. Sidman said that requests from council members for legal services are billed as an internal service to a single City Council account number. The service requests are supposed to track individual council member requests, but may not always include individual names.

Council Member DeFoor asked Council Secretary/Director Cheryl Brown about staffing needs not included in the budget proposal. Ms. Brown said that staff has spoken with the members of the Finance Committee about the needs and is prepared to offer several alternatives for the implementation of the complete Granicus and Axia legislative systems. Brian Hughes stated that a package of enhancements had been presented by Council staff to the MBRC for inclusion in the Mayor's proposed budget; those enhancements approved by the Council President were included in the proposal, those he did not approve were excluded. Discussion of the Council budget was deferred to the wrap-up meeting #7 when the Council President can be present to participate in the discussion.

Council Member Pittman inquired about the possibility of increasing City Council support for citizen boards and commissions. Chairman Bowman suggested including that as an enhancement request.

Tourist Development Council

Assistant Council Auditor Kim Taylor gave an overview of the TDC's funding (2% of the 6% local bed tax) and the approved uses under the adopted Tourist Development Plan. City Council approval is required for the TDC's use of funds from the Development and Contingency funds; the rest can be spent by the TDC in accordance with the adopted plan and budget. She noted that hotel occupancy has slowed in recent months and the budget reflects a 5% reduction from last year's budgeted revenues. Chairman Bowman suggested that the growing popularity of untaxed short-term rentals may be eating into traditional accommodation rentals. Joey Greive also suggested that extraneous factors such as utility crews staging in Jacksonville for hurricane response in one year but not in another affects occupancy trends. Chairman Bowman explained that the Development and Contingency funds are intended to be used for big, one-time opportunities to make major improvements to an eligible facility or to support a one-time event coming to town. He said that he would communicate with the TDC board about the correct amount that should accrue in those two accounts.

Motion: on p. 100 approve the Council Auditor's recommendation to revise Schedule W to show a breakout between Convention Sales and Convention Grants – **approved**.

Office of General Counsel

In response to a question from Council Member Hazouri, General Counsel Jason Gabriel said that collection of billings from all independent agencies is currently up-to-date after having a problem with late payment from one agency earlier in the year.

Outstanding items

- City Council staffing level

Special Council Contingency

Chairman Bowman reported that the Special Council Contingency fund stands at $243,341to the positive.

Meeting adjourned: 3:01 p.m.

Minutes: Jeff Clements, Council Research
8.8.19 Posted 5:00 p.m.
Tapes: Finance Budget Hearing #1 – LSD
8.8.19
Materials: Council Auditor's Budget Meeting #1 handout - LSD
8.8.19